GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1008
ANSWERED ON:28.07.2000
DIAMOND INDUSTRY
HARIBHAI PARTHIBHAI CHAUDHARY

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government have made any efforts for the promotion of diamond industry;

(b) if so, the details thereof; and

(c) the achievements made so far in this direction?

Answer

MINISTER OF COMMERCE & INDUSTRY (SHRI MURASOLI MARAN)

(a) & (b): With a view to promote the exports of diamonds, a number of export promotion schemes have been prescribed in Chapter 8 of Exim Policy, 1997-2002. These schemes have been modified from time to time based on the feedback. Some of the important policy initiatives taken in the earlier Exim Policies prior to the latest Exim Policy are :
(i) Permission to Export Oriented Units (EOUs)/Export Processing Zone (EPZ) units to supply unsuitable/broken cut & polished diamonds, rough diamonds, precious and semi-precious stones, upto 5% of the value of the imported or indigenously procured goods to Domestic Tariff Area (DTA) against the valid Replenishment/Gem Replenishment/Diamond Imprest Licence as applicable on payment of appropriate duty,
(ii) Permission for establishment of Private/Public Bonded Warehouses in EPZ/DTA for import, supply and re-export of rough diamonds and rough precious and semi-precious stones. Besides the above, import and re-export of cut and polished diamonds, precious and semi-precious stones by the Private/Public Bonded Warehouses was also permitted subject to the achievement of minimum value addition of 5%,
(iii) Permission to overseas companies with branch offices in India and with an average annual turnover in diamonds of not less than Rs. 150 crores during the preceding three licensing years to obtain bulk licence for import and sale of rough diamonds,
(iv) Permission for export by courier from selected ports upto a value of Rs.20 lakhs per consignments. With effect from 1st April`2000 exports through speed post have also been permitted,
(v) Provision for issuance of Diamond Imprest Licence to the status holders upto 5% of the export performance of the preceding year of cut & polished diamonds, for import of cut & polished diamonds for subsequent exports subject to achieving value addition of 10%,
(vi) Permission for duty free import of consumables required by the diamond processing industries to the extent of 1% of the FOB value of exports in the preceding year. With a view to simplify the scheme/procedure, issuance of a separate Replenishment Licence has been provided with effect from 1st April 2000 for duty free import of consumables.

The new policy initiatives announced in the latest Exim Policy w.e.f. 1st April`2000 for promotion of diamond exports are:

(i) Permission to firms and companies dealing in the purchase/sale of rough or cut & polished diamonds with a track record of at least three years in import or export of diamonds and having an average annual turnover of Rs. 5 crore or above during the preceding three licensing years to carry out their business through designated Diamond Dollar Accounts,
(ii) Doing away with the necessity to co-relate every export consignment with the corresponding import consignment in EOUs/EPZ units,
(iii) Permission for personal carriage of import and export parcels,
(iv) Reduction in custom duty on cut and polished diamonds to 15%.
(v) Capital Goods under Export Promotion Capital Goods (EPCG) scheme, have been permitted to be imported at 5% Custom duty subject to an export obligation on Free on Board (FOB) basis equivalent to 5 times of Cost Insurance Freight (CIF) value of capital goods or 4 times of the CIF value of capital goods on Net Foreign Exchange (NFE) basis to be fulfilled over a period of 8 years reckoned from the date of issuance of licence.

(c) The exports of the diamonds during the last five years are as given below:

(Value in US$ million)

Year	Value of Exports

1995-96	4572.54
1996-97	4027.90
1997-98	4309.21
1998-99	4748.56
1999-2000	6782.58

Source: Directorate General of Commercial Intelligence & Statistics (DGCI&S), Calcutta for 1995-96, 1996-97, 1997-98, 1998-99 and Gem and Jewellery Export Promotion Council (GJEPC), Mumbai for 1999-2000.